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FROM U.S. MISSION TO THE UN AGENCIES IN ROME

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SUBJECT: GLOBAL CROP DIVERSITY TRUST: U.S. PRIVATE-SECTOR AND PUBLIC SUPPORT WILL BE CRUCIAL TO LEVERAGE BROADER INTERNATIONAL PARTICIPATION

REF: (A) ROME 1057; (B) ROME 1417

¶1. Summary: The Global Crop Diversity Trust is an independent international endowment that aims to provide permanent funding for the world's major crop diversity collections, which provide the foundation for future improvements in agricultural productivity. The Trust has garnered firm pledges of \$45 million from public and private sources, out of a target of \$260 million. Five countries, all from the Near East or Africa, have signed the Trust's Establishment Agreement thus far. Signatures of three more countries representing three additional geographic regions are needed for the Trust to become legally established. The Interim Secretariat remains hopeful that the required signatures may be forthcoming by the end of June 2004, which would allow the Trust to begin at the same time as the International Treaty for Plant Genetic Resources (which provides the framework for the Trust -- see reftels) enters into force. In a briefing for U.S. Mission Rome, the Interim Secretariat expressed appreciation for the USAID commitment of \$5 million for the Trust. They stressed, however, that an additional U.S. pledge or statement of intention to contribute (possibly in partnership with private U.S. foundations) and USG signature of the Establishment Agreement would send important signals to other potential donors, thereby improving prospects for the medium-term realization of the Trust's aims. In light of the imminent legal establishment of the Trust and the entry into force of the Treaty, a reassessment of the pros and cons of full U.S. participation in these bodies takes on increased urgency. End summary.

¶2. On June 14, Global Crop Diversity Trust Interim Executive Secretary Geoffrey Hawtin, accompanied by Development Director Julian Laird, briefed Ambassador Hall and U.S. Mission senior staff on progress in fundraising and formal establishment of the Trust. Hawtin reviewed the Secretariat's efforts in three areas: (1) establishing the Trust as a legal international entity, (2) raising funds, and (3) planning initial disbursements from the Trust.

Establishment of the Trust

¶3. An 11-member Interim Panel of Eminent Experts approved the Establishment Agreement and Constitution of the Trust in October 2003. In February 2004, the Director General of the FAO (which houses the Interim Secretariat) circulated these instruments to governments

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worldwide and invited them to sign the Establishment Agreement. (The text of DG's letter -- which provides a more formal and complete statement of the Trust's objectives -- is being transmitted septel.)

¶4. According to Hawtin, the governments of Cape Verde, Egypt, Jordan, Morocco and Togo have signed the Establishment Agreement thus far. Armenia, Cambodia, Ecuador, Ethiopia, Ghana, Indonesia, Iran, Kenya, Peru, Rwanda and Syria have expressed interest in signing within the next month or two. Other countries that are discussing signing are Australia, Canada, Germany, Norway, Sweden and Switzerland.

¶5. The Establishment Agreement goes into effect when seven countries from five of FAO's geographic regions have signed. (An additional criterion -- that at least four of the signatories must be developing countries -- has already been met.) The Secretariat believes that the minimum required signatures could be achieved by the end of June, allowing the Trust to be launched as a legal international entity concurrently with entry into force

of the Treaty, on July 1.

16. At a board meeting in Geneva the previous week, it was decided that the headquarters for the Trust would be situated in Rome, at least for the first five years. There will be a call for bids from governments interested in hosting the Secretariat thereafter. Egypt and Ethiopia have already expressed tentative interest.

Fundraising

17. Hawtin said a endowment of \$260 million would be needed to geerate the annual income of \$12 million necessaryto support the international gene banks of the Consultative Group on International Agricultural Research (CGIAR) and selected major national collections. (This assumes a return on the endowment of 5% annually, plus inflation, and allows about \$1 million annually for operating expenses.) About \$45 million in funds or firm written commitments have already been received. An additional \$50-60 million is currently under discussion.

18. The principal governmental donors thus far are Australia, Canada, Switzerland, and the U.S. In addition, Brazil, Colombia and Egypt have made more modest, but politically significant pledges. Ethiopia is considering a donation of \$50,000. Among the foundations and private sector contributors are Gatsby Charitable Trust, the Rockefeller Foundation, the United Nations Foundation, the Syngenta Foundation and DuPont. The Grains Research and Development Corporation (an Australian farmers' organization) also has contributed, and FAO and the International Plant Genetic Resources Institute (IPGRI) have provided in-kind support.

Initial Activities

19. Hawtin said that the Interim Secretariat is designing a series of studies to set conservation priorities. The Trust would likely make 4 or 5 grants before the end of 2004, and 6 to 8 additional grants in 2005. These would target gene banks at high risk, where relatively small infusions of resources would help stabilize the situation, and provide tangible evidence of the Trust's impact.

USG Role

110. Hawtin expressed gratitude for USAID's encouragement and support of the Trust, and for the U.S. contribution thus far of \$5 million. He expressed concern, however, that other pressing issues might have driven the Trust from the USG's radar screen lately. He said he hoped to meet Administrator Natsios in the coming weeks or months. Hawtin recognized that currently the U.S. budget situation is difficult, but he stressed that the USG stance toward the Trust has great impact worldwide. Many other donors key their contributions to that of the U.S. He noted that, even if the U.S. is not ready or able to commit additional resources at this time, some sort of language from Congress or the Administration regarding likely future USG funding of the Trust would be extremely helpful in mobilizing resources elsewhere.

111. Ambassador Hall and Mission officers reaffirmed USG interest in the Trust, and highlighted USAID's efforts to involve private-sector donors. We noted in particular USAID's effort to involve the Gordon and Betty Moore Foundation (Intel) in preparations for the Trust and as a potentially significant donor. We said that the current budgetary climate and political season in Washington made additional USG funding commitments unlikely at this time, but that congressional report language could serve as a nonbinding signal of intent regarding possible future contributions. The Trust would need to have legislators willing to champion its cause in key committees. We noted there might also be an opportunity for USAID to highlight the Trust's potential role in increasing agricultural productivity and its need for additional donor support at the informal Tidewater meeting of OECD development cooperation ministers on June 23.

112. We added that there may be reluctance on the part of some USG agencies to commit further to the Trust or to recommend ratification of the Treaty until key aspects of the Treaty (particularly the Material Transfer Agreement [MTA]) are worked out. Hawtin pointed out that, by ratifying the Treaty, the USG effectively gains veto power, since all policy decisions of Treaty's Governing Body are made by consensus. We commented that this argument was familiar in Washington, and that USG agencies were aware of the risks of the U.S. becoming a

marginalized observer to a major international treaty (as has been the case, for example, in the Convention on Biological Diversity). Nevertheless, there appeared to be no consensus for U.S. ratification of the Treaty at this time.

Comment

113. The linkages between the Global Crop Diversity Trust and the International Treaty on Plant Genetic Resources bear further consideration. A substantial partnership with the U.S. private sector in support of the Trust could be key to leveraging greater support in both the executive and legislative branches. A major alliance that encompasses USAID, State and USDA with U.S. private sector partners (e.g., the Moore Foundation) could similarly be helpful in leading to a refinement or reassessment of the stance USG takes on the Treaty.

114. As of June 11, FAO had not received sufficient voluntary donor contributions for holding the MTA negotiation, but the Secretariat still has tentative plans to hold the meeting in the autumn of this year. Meanwhile, the Treaty (although incomplete without the MTA) enters into force on July 1, 2004, and the Governing Body must hold its first meeting within two years of that date (or possibly sooner, if one-third of the countries that have ratified the Treaty so request).

115. With these pending developments, the question of USG ratification takes on increased urgency. It may be time to reflect further on what, if any, would be the "down sides" to seeking U.S. ratification. Even if the process were started and not yet completed, it could help strengthen the hand of the US delegation in the sessions where the MTA will be negotiated.

Hall

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